Mock Test Paper - Series I: March, 2026

Date of Paper: 16th March, 2026

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 1 : ADVANCED ACCOUNTING

Time Allowed – 3 Hours **Maximum Marks – 100**

1. *The question paper comprises two parts, Part I and Part II.*
2. *Part I comprises Case Scenario based Multiple Choice Questions (MCQs)*
3. *Part II comprises questions which require descriptive type answers.*

PART I – Case Scenario based MCQs (30 Marks)

Part I is compulsory.

Case Scenario - I

Suman Ltd. is in the business of manufacturing electronics equipment and selling these at its various outlets. It provides installation services for the equipment sold and also provide free 1 year warranty on all the sold products.

Beach Resorts are leading resorts in the city. It purchased 5 air conditioners (AC) from Suman Ltd. for its resort. Suman Ltd. sold 5 AC to Beach resort for ₹ 45,000 each which includes installation fees of ₹ 1,000 for each AC. The Company also offers 1 year warranty for any repair etc. The Company also offered ₹ 500 per AC as trade discount. Beach resort placed order on March 15, 2024 and made payment on March 20, 2024. The ACs were delivered on March 27, 2024 and the installation was completed on April 5, 2024.

Based on the information given in above Case Scenario, answer the following Question Nos. 1-4:

1. How much revenue should be recognised by the Company as on March 31, 2024:

   (A) ₹ 2,25,000

   (B) ₹ 2,17,500

   (C) ₹ 2,00,000

   (D) ₹ 2,30,000

2. How much revenue should be recognised by the Company in the financial year 2024-25:

(A) ₹ 5000

(B) ₹ 2,20,000

(C) ₹ 10,000

(D) ₹ 2,40,000

3. What will be the accounting for trade discount:

(A) The same will be recognised separately in the profit and loss.

(B) The trade discounts are deducted in determining the revenue.

(C) Trade discount will be recognised after one year, when the warranty will be over.

(D) Trade discount will be recognised after installation is complete.

4. Is the Company required to do any accounting for 1 year warranty provided by it:

(A) No accounting treatment is required till some warranty claim is actually received by the Company.

(B) As there exist a present obligation to provide warranty to customers for 1 year, the Company should estimate the amount that it may have to incur considering various factors including past trends and create a provision as per AS 29.

(C) Accounting for claims will be done on cash basis i.e. expense will be recognised when expense is made.

(D) As the Company is not charging separately for the warranty provided, there is no need to create any provision.

Multiple Choice Questions (4 MCQs of 2 Marks each: Total 8 Marks)

5. According to AS-18 Related Party Disclosures, which ONE of the following is not a related party of Skyline Limited?

(A) A shareholder of Skyline Limited owning 30% of the ordinary share capital

(B) An entity providing banking facilities to Skyline Limited in the normal course of business

(C) An associate of Skyline Limited

(D) Key management personnel of Skyline Limited **(2 Marks)**

Case Scenario - II

Health India Limited (HIL), incorporated under the Companies Act, 2013, is engaged in the production and distribution of medicines. It has manufacturing plants at Baddi (Himachal Pradesh) and Bhopal (Madhya Pradesh). It also imports medicines from Pharma Inc. New York (United States).

On 1st Jan 2024, HIL sold 2,00,000 strips of Medicine to Dee Limited for ₹ 50 Lakhs on 60 days of credit. Cost per strip of this medicine, was ₹ 20. (i.e.) total cost ₹ 40 Lakhs (2,00,000 strips @ ₹ 20). Dee Ltd. paid 20% of the amount due on 5th January, 2024. In March 2024, Dee Limited is having significant cash flow issues and is trying to raise funds through bank loan to run its operations. However, it is unable to do so and not able to release payment to HIL on due date. Subsequent to this, it has gone under liquidation on 15th March, 2024. At the time when medicine was sold by HIL to Dee Limited, there was no reason for HIL to believe that it will not be able to collect the sales proceeds from Dee Limited in future.

On 1st April,2023 HIL has made an investment of ₹ 200 Lakhs in the equity shares of Rose Limited of which 50% is made in the long-term category i.e. long-term investment and rest as temporary investment i.e. current investment. The realisable value of all such investments on 31st March, 2024 becomes ₹ 50 Lakhs as Rose Limited lost a copyright. From the given market conditions, it is apparent that the reduction in the value of investment is not temporary in nature.

HIL imported medicine from Pharma Inc. for a sum. of US $ 2,50,000 on 1st January, 2024. HIL released full payment on 17th April, 2024 to Medicine Ltd. The exchange rates are as follows:

	Exchange rate per $
1st April, 2023	₹ 76
1st January, 2024	₹ 81
31st March, 2024	₹ 80
17th April, 2024	₹ 79

HIL is working on a strategic plan to close the production unit of Bhopal due to change in technology. The board of directors approved the closure of Bhopal Plan on 1st March, 2024. The company did a formal announcement regarding closure to the affected parties on 10th March, 2024. The company entered into a binding-sale agreement on 21 April, 2024.

Reporting date of the company is 31st March,2024.

Based on the information given in the above Case Scenario, answer the following Question No. 6 to 9:

6. How the recognition of revenue from sales of medicine to Dee Limited will be done by HIL under AS 9 and what would be the treatment of unrealized amount for the year ended 31st March, 2024?

   (A) Revenue will be recognised for ₹ 50 Lakhs, subsequently unrealized amount ₹ 50 lakhs will be debited to bad debts A/c.

   (B) Revenue will be recognised for ₹ 40 Lakhs, subsequently unrealized amount ₹ 40 lakhs will be debited to bad debts A/c.

   (C) Revenue will be recognised for ₹ 50 Lakhs, subsequently unrealized amount ₹ 40 lakhs will be debited to bad debts A/c.

   (D) Revenue will be recognised for ₹ 40 Lakhs, unrealised amount of ₹ 40 lakhs will be shown in Sundry Debtors list.

7. How will you recognize the reduction in the value of the investments in the financial statements for the year ended 31st March 2024 as per AS 13 (Revised)?

   (A) The reduction of ₹ 50 Lakhs in the carrying value of current investment will be charged to the profit and loss account. There will be no impact on the value of long-term investments.

   (B) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. There will be no impact on the value of long-term investments.

   (C) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. The reduction of ₹ 75 Lakhs in the carrying value of long-term investment will also be charged to the profit and loss account.

   (D) The reduction of ₹ 75 Lakhs in the carrying value of current investment will be charged to the profit and loss account. The reduction of ₹ 75 Lakhs in the carrying value of long-term investment will also be charged to capital reserve account.

8. Ascertain the loss/gain due to change in foreign exchange rates to be recognised in the financial statements for the year ended 31st March, 2024 as per 11.

   (A) ₹ 2,50, 000 Exchange gain should be credited to profit and loss account.

   (B) ₹ 5,00,000 Exchange gain should be credited to profit and loss account.

   (C) ₹ 5,00,000 Exchange loss should be debited to profit and loss account.

   (D) ₹ 2,50,000 Exchange loss should be debited to profit and loss account.

9. What would be the date of "initial disclosure of event" be considered for Bhopal Plant?

(A) 31st March, 2024

(B) 1st March, 2024

(C) 21st April, 2024

(D) 10th March, 2024

Multiple Choice Questions (4 MCQs of 2 Marks each: Total 8 Marks)

10. X Ltd. sold Plant & Machinery having WDV of ₹ 60 lakhs to Y Ltd. for ₹ 75 lakhs (Fair value of ₹ 75 Lakhs) and the same plant was leased back by Y Ltd. to X Ltd. The lease back is in the nature of operating lease. The treatment will be:

(A) X Ltd. should amortize the profit of ₹ 15 lakhs over the lease term.

(B) X Ltd. should recognize the Profit of ₹ 15 lakhs immediately.

(C) No profit/loss, as fair value is equal to sale price.

(D) Y Ltd. should recognize the profit of ₹ 15 lakhs immediately. **(2 Marks)**

Case Scenario - III

Following information is given by Z Ltd as o 31st March 2025:

	₹ in lakhs
Share Capital	
Equity shares of ₹ 10 each fully paid up	800
11% Redeemable Preference shares of ₹ 100 each fully paid up	200
Reserve and surplus	
Capital redemption Reserve	50
Securities Premium	100
General Reserve and profit and Loss (Combined balance)	600
Secured Loans	
9% Debentures	250
Current Liabilities	10
Fixed Assets	1200
Investments	95
Cash at bank	320
Other Current Assets	840

On 1st April, 2024 Z Ltd redeemed all its preference shares at a premium of 5%. Z Ltd. bought back 8,00,000 equity shares @ ₹ 20 per share.

Buy back is fully authorized by Z Ltd.'s articles and necessary resolution has been passed for this. The payment for buy back of shares will be made through available balance in bank account.

To finance Redemption of preference shares and buy back of shares, company has decided to sell its investments for ₹ 98 Lakhs.

Z Ltd had 80,000 Equity stock options outstanding on the above mentioned date, to the employees @ ₹ 15 per share when the market price was ₹ 20 per share. (This was included under the head current liabilities). On 1st April, 2024,·70% of the employees exercised their options.

Based on the information given in the above Case Scenario, answer the following Question No. 11 - 13:

11. What will be the balance of capital redemption reserve as on 31st March 2025?

    (A) ₹ 280 Lakhs

    (B) ₹ 330 Lakhs

    (C) ₹ 250 Lakhs

    (D) ₹ 130 Lakhs

12. What will be the Cash and Bank Balance as on 31st March 2025?

    (A) ₹ 56.40 Lakhs

    (B) ₹ 66.40 Lakhs

    (C) ₹ 59.20 Lakhs

    (D) ₹ 48 Lakhs

13. What will be the Balance of Reserves as on 31st March 2025 excluding capital redemption Reserve?

    (A) General Reserve and Profit Loss ₹ 323 Lakhs and securities Premium ₹ 10 lakhs

    (B) General Reserve and Profit Loss ₹ 243 Lakhs and securities Premium ₹ 10 lakhs

    (C) General Reserve and Profit Loss ₹ 323 Lakhs and securities Premium ₹ 15.60 lakhs

(D) General Reserve and Profit Loss ₹ 243 Lakhs and securities Premium ₹ 15.60 lakhs

Multiple Choice Questions (3 MCQs of 2 Marks each: Total 6 Marks)

14. Past Ltd. had the following items under the head "Reserves and Surplus" the Balance Sheet as on 31st March 2025:

	(Amount ₹ in lakhs)
Securities Premium Account	90
Capital Reserve	40
Revaluation Reserve	70

The company had an accumulated loss of ₹ 280 lakhs on the same date, which was disclosed under the head "Statement of Profit and Loss" as asset in Balance Sheet. What should be disclosed on the face of Balance Sheet as per Schedule III to the Companies Act, 2013?

(A) Reserve and Surplus-Securities premium 90 lakhs; others ₹ 110 lakh and Accumulated loss ₹ 280 lakhs in the Asset side.

(B) Reserve and Surplus ₹ 200 lakhs; and Accumulated loss ₹ 280 lakhs in the Asset side.

(C) Reserve and Surplus - ₹ 200 lakhs only

(D Reserve and Surplus - ₹ 80 lakhs only **(2 Marks)**

15. Pratham and Associates is a manufacturer of steel rods. It invests its profits by purchasing shares of listed companies in order to earn dividend income. It had purchased shares of Bharti Airtel Limited in FY 2020-21. However, it sold all the shares of Bharti Airtel Limited during the current year i.e. FY 2025-26. What amount would be disclosed in the profit and loss account for FY 2025-26?

(A) This transaction would not affect the profit and loss account since the primary business of the company is manufacturing, and not investment.

(B) The carrying amount net of expenses would be disclosed in the profit and loss account.

(C) The disposal proceeds net of expenses would be disclosed in the profit and loss account.

(D) The difference between the carrying amount and the disposal proceeds, net of expenses, would be disclosed in the profit and loss account. **(2 Marks)**

PART II – Descriptive Questions (70 Marks)

*Question No.**1** is compulsory*

*Answer any **four** questions from the remaining **five** questions.*

Wherever necessary, suitable assumptions may be made and indicated in answer by the candidates. Working Notes should form part of the answer.

1. (a) Glen Ltd. began construction of a new building on 1st January, 2025. On 1st April, 2025, following two loans were obtained to fund the construction cost:

   (i) Loan of ₹ 60,00,000 from Data Bank Ltd. was taken at interest rate of 8% per annum. This loan was fully utilized for construction of the new building.

   (ii) Loan of ₹ 20,00,000 from Satya Bank Ltd. Out of this, loan amount of ₹ 6,00,000 was utilized for working capital purpose. Total interest of ₹ 1,92,000 were paid to Satya Bank Ltd. for the financial year 2025-26.

   Construction of the new building was completed on 31st January, 2026 and was ready for its intended use on the same date.

   None of the loan was repaid during the year. The building is a qualifying asset for the purpose of AS-16.

   Out of loan from Data Bank Ltd., surplus funds were temporarily invested for the short period of time. This temporary investment earned interest of ₹ 30,000.

   You are required to calculate the amount of interest (a) to be capitalized, (b) to be charged to profit and loss. account from the total interest incurred as borrowing cost during the year 2025-26 (as per AS-16). **(5 Marks)**

   (b) Karna Ltd., an Indian Company, has the following foreign currency transactions during the financial year 2025-26:

   (i) On 1st July, 2025, imported goods from Try Ltd., a German based company, amounting to ₹ 30,96,000.

   (ii) On 1st October, 2025, imported plant and machinery from Lucy Ltd., a German based company, for € 18,500. The amount was paid on the date of import itself. (Ignore depreciation).

   (iii) On 1st December, 2025, exported good on credit to Cream Ltd., a German based company, amounting to ₹ 50,40,000.

All the above transactions were recorded in the books of account at the prevailing exchange rate on the date of the transactions. Ignore taxes and duty on the above transactions.

Payment due from Cream Ltd. and payment due to Try Ltd. is outstanding as on 31st March, 2026.

Rate of exchange between reporting currency (f) and foreign currency (€) on different dates are as under:

On 1st July, 2025	1 € = ₹ 86
On 1st October, 2025	1 € = ₹ 88
On 1st December, 2025	1 € = ₹ 84
Ori 31st March, 2026	1 € = ₹ 90

You are required, as per AS-11:

(i) To show value at which above items will appear in Balance sheet as on 31st March, 2026;

(ii) To calculate the amount of gain/loss on each of above transactions on account of exchange differences, if any. **(5 Marks)**

(c) In the following cases, find the value of closing stock as per AS 2:

(i) Sonu is a retailer dealing in toys. During the year, he purchased items worth for ₹ 1,47,000 and made a total sale ₹ 1,54,000. The average percentage of gross margin is 10% on cost. Opening stock of toys at cost was ₹ 20,000.

(ii) On 21st March, 2026, Mohan purchased 250 chairs at ₹ 300 each.

The selling price of the chair is ₹ 400 each. Owing to a manufacturing defect, net realisable value of the whole lot of chair was determined at 70% of their normal selling price. No chairs were sold during the year. **(4 Marks)**

2. (a) Following information is given 'by Mr. Happy (stock broker) relating to his holding in 10% Government Bonds:

Opening Balance as on 1st April, 25 was 5,000 units (Nominal value ₹ 100 each), Cost ₹ 4,85,000
On 1st June, 25, Purchased 600 units, cum-interest @ ₹ 99
On 1st August, 25, Purchased 2400 units, ex-interest @ ₹ 97.50
On 1st October, 25, Sold 2,500 units @ ₹ 98.50, ex-interest
On 1st January, 26, Sold 3,000 units @ ₹ 99 cum interest

Interest is received on 30th June and 31st December each year. Mr. Happy closes his books on 31st March each year.

Prepare Investment Account in the books of Mr. Happy assuming that FIFO method of valuation is followed by Mr. Happy. **(7 Marks)**

(b) Jolly Industries of Delhi is a trader in spices. It has a branch at Jalandhar to which Head office invoice goods at 20% on sales. The Jalandhar branch sells spices both on cash and credit. Branch remit all the cash received to Head Office Bank account, thus all expenses of branch are also directly paid from head office.

From the following information given, Prepare Branch Accounts in the Head office ledger using Stock and Debtors Method.

Branch does not maintain any books of account, but send fortnightly returns to Head office.

	₹
Stock at Jalandhar as on 1st April, 2025 (Cost Price)	1,00,000
Sundry Debtors at Jalandhar as on 1st April, 2025	1,10,000
Cash received from Debtors	3,45,000
Bad debts during the year	9,500
Discount allowed to Debtors	5,500
Goods received from Head Office at Invoice Price	6,00,000
Returns to Head office at Invoice Price	60,000
Normal loss of goods during transport (Out of Goods sent by H.O. to Branch)	12,000
Sales returns at Jalandhar Branch	11,000
Salaries and staff welfare expenses at Branch	54,000
Rent and taxes at Branch	9,000
Other Office Expenses	2,500
Sundry Debtors at Branch as at 31st March 2026	1,55,000
Stock at Jalandhar as on 31st March, 2026 (Cost Price)	1,20,000

Credit sales at Branch are four times of the cash Sales at Branch. **(7 Marks)**

3. The following is the Trial Balance of Falgun Ltd., as on 31st March, 2025:

Particulars	**Debit Amt. int. (₹)**	**Credit Amt. int. (₹)**
Equity Share Capital (Fully paid-up shares of ₹ 100 each)		10,00,000
10% Preference Share Capital of Face Value ₹ 100 each		4,00,000
General Reserve		2,85,000
2,000 10% Debentures of ₹ 100 each		2,00,000
Securities Premium Account		50,000
Land (at Cost)	7,00,000	
Plant and Machinery	14,70,000	
Furniture	4,00,000	
Provision for Depreciation - Plant and Machinery		3,00,000
Provision for Depreciation - Furniture		1,90,000
Trade Receivables	3,10,000	
Trade Payables		72,000
Cash-in-Hand	1,34,000	
Cash-at-Bank	3,05,000	
Bank Over Drafts from Nationalized bank (Long Term)		2,00,000
(Secured by Hypothecation of Stocks)		
6% Secured Loan from State Finance Corporation (repayable after 3 years) (Secured by Hypothecation of Plant and Machinery)		4,50,000
Unclaimed Dividend		23,000
Loan from Director (Short Term)		1,00,000
Adjusted Purchases	2,25,000	
Closing Stock	1,12,000	
Sales		8,46,000
Carriage Inward	17,200	
Miscellaneous Expenses	10,200	
Selling and Distribution Expenses	46,600	
Depreciation	1,80,000	
Salaries	72,000	

Director's Fees	40,000	
Travelling Expenses (include ₹ 50,000/- for foreign tour)	1,30,000	
Profit and Loss Account		40,000
Office Expenses	28,000	
Rent Received		24,000
Total	41,80,000	41,80,000

Additional Information:

(i) Authorized Capital - divided into -

(a) 20,000 equity shares of ₹ 100 each.

(b) 10,000 10% preference shares or ₹100 each

(ii) Equity shares include, 2,500 equity shares issued for consideration other than cash.

(iii) The company has had land professionally valued and decides to include it in the Balance sheet at its valuation off 8,50,000.

(iv) It is proposed to capitalize part of the undistributed profits by making bonus issue to the shareholders by allocating one equity share off 100 each for every 5 shares held.

(v) Trade Receivables off 46,000 are due for more than six· months.

There is no doubtful amount.

(vi) Depreciation expenses include depreciation of ₹ 1,10,000 on Plant and Machinery and that of ₹ 70,000 on Furniture.

(vii) Cash-at-Bank include f 55,000 with Desire Bank Ltd., which is not scheduled Bank.

(viii) Miscellaneous expenses included ₹ 5,000 being audit fees paid to auditors.

(ix) Bills Receivables for ₹ 35,000 maturing on 31st July, 2025 has been discounted.

(x) Balance of secured loan from State Finance Corporation is inclusive of ₹ 36.,000 for interest accrued but not due.

(xi) Director's declared final dividend @ 8% on 6th April, 2025, transferring any amount that may be required from General Reserve. Ignore Taxation.

(xii) Interest on debenture for the year is outstanding as on 31st March, 2025. You are required to prepare Balance Sheet as on 31st March, 2025 and Statement of Profit and Loss with Notes to Accounts for the year ending 31st March, 2025 as per Schedule III of the Companies Act, 2013. Ignore previous years' figures. (Ignore taxation).

(All workings should form part of the answer) **(14 Marks)**

4. Following is the Balance Sheet of Tourna Limited as at 31st March,2025:

Particulars		Rs.
Equity and Liabilities		
1. Shareholders' founds		
A. Share Capital	1	24,00,000
B. Reserves and Surplus	2	(9,10,000)
2. Non-current liabilities		
A. Long-term borrowings	3	3,20,000
3. Current liabilities		
A. Trade Payables		1,15,000
B. Short Term Borrowings – Bank Overdraft		1,40,000
C. Other current liabilities	4	32,000
D. Short term provisions	5	42,000
Total		21,39,000
Assets		
1. Non-current assets		
A. Property, Plant and Equipment	6	7,80,000
B. Intangible Assets	7	1,70,000
C. Non-Current Investments	8	1,80,000
2. Current Assets		
A. Inventory		5,12,000
B. Trade receivables		4,32,000
C. Cash and cash equivalents		65,000
Total		21,39,000

Notes to Accounts:

1	Share Capital		
	Equity share capital 16,000 Equity Shares of ₹ 100 each		16,00,000

	8,000 6% Preference Shares of ₹ 100 each		8,00,000
			24,00,000
2	Reserves and Surplus		
	Debit balance of Profit and loss Account		(9,10,000)
			(9,10,000)
3	Long-term borrowings		
	3,200 10% Debentures		3,20,000
			3,20,000
4	Other current liabilities		
	Interest payable on debentures		32,000
			32,000
5	Short term provisions		
	Provision for taxation		42,000
			42,000
6	Property, Plant and Equipment		
	Plant & Machinery		5,00,000
	Furniture & Fixture		2,80,000
			7,80,000
7	Intangible Assets		
	Patents & Copyrights		1,70,000
			1,70,000
8	Non-current Investments		
	Investments (Market Value ₹ 1,10,000)		1,80,000
			1,80,000

As on 1st April,2025, the following scheme of Tourna Limited was finalized for which necessary resolution was passed and approvals were obtained from appropriate authorities. Accordingly, it was decided that:

(i) Each equity share is to be sub-divided into ten fully paid -up equity shares of ₹ 10 each. After sub-division, each shareholder shall surrender to the company 40 % of his holding, for the purpose of reissue to trade payables as necessary.

(ii) Preference shareholders would give up 30% of their capital and 12% Debentures (face value ₹ 100 each) shall be issued to them for balance holdings.

(iii) The company would issue additional 12% Debentures (face value ₹ 100 each) for ₹ 4,00,000 for meeting its working capital requirement and final settlement of Bank Overdraft at 90% of the amount.

(iv) Existing debenture holders would accept Furniture & Fixture in full settlement of their dues.

(v) Trade payables claim shall be reduced to 70%, it is to be settled by the issue of equity shares of ₹ 10 each out of shares surrendered.

(vi) The shares surrendered and not re-issued shall be cancelled.

(vii) The taxation liability is to be settled at 50,000.

(viii) Investment value to be reduced to market price.

(ix) Balance of profit and loss account is to be written off.

(x) The value of inventories is to be increased by ₹ 32,000 and provision for Doubtful Debts is to be created at 5% of Trade Receivables.

You are required to:

(i) Pass necessary journal entries in the books of account of Tourna Limited.

(ii) Prepare Reconstruction Account, and

(iii) Prepare Balance Sheet of the company after internal reconstruction. **(14 Marks)**

5. (a) Birds Ltd. and its subsidiary Rooster Ltd provided the following information for the year ended 31/03/2025.

Particulars	**Birds Ltd. (₹)**	**Rooster Ltd. (₹)**
Equity Share Capital	10,00,000	3,00,000
Sales	28,40,000	10,40,000
Purchases (Finished Goods)	9,15,000	1,75,000
Salaries	7,75,000	3,78,000
Rent received	5,40,000	
General and Administration expenses	2,81,500	1,98,000
Selling and Distribution Expenses	2,21,000	90,000
Dividend Income	1,35,000	28,000
Finished Goods Inventory on 01/04/2024	3,35,000	1,20,000
Finished Goods Inventory on 31/03/2025	7,85,000	2,90,000
Other Non-operating Income	2,38,000	57,000

Other Information:

- On 1st April 2022 Birds Ltd. acquired 2,500 shares of ₹ 100 each fully paid up in Rooster Ltd.
- Rooster Ltd. paid a dividend of 12% for the year ended 31/03/2024.

The dividend was correctly accounted for by Birds Ltd.

- Rooster Ltd. pays ₹ 11,250 per month to Birds Ltd. towards rent for the portion of premises occupied.
- Selling and Distribution Expenses of Rooster Ltd. include ₹ 15,000 received from Birds Ltd.

Prepare Consolidated Profit and Loss Account of Birds Ltd. and its subsidiary Rooster Ltd. for the year ended 31/03/2025. **(10 Marks)**

(b) The following is the extract of Balance Sheet of Yellow Limited as on 31.03.2025:

	₹
4,00,000 Equity shares of ₹ 10 each	40,00,000
General Reserve	48,00,000
Profit & Loss Account	10,00,000
Securities Premium	18,00,000
Secured Loans	60,00,000
Unsecured Loans	32,00,000
Current Liabilities	28,00,000
	2,36,00,000
Property, Plant and Equipment	90,00,000
Investments	18,00,000
Current Assets	1,28,000
	2,36,00,000

The company intends to buy-back 80,000 equity shares of ₹ 10 each at a premium of 150%.

You are required to state whether the company can buy back equity shares.

(4 Marks)

6. (a) Analyse the disclosure and presentation requirements of AS 24 for Discontinuing Operations (any **five**). **(5 Marks)**

(a) Raman Limited and Naman Limited decided to amalgamate and form a new company Rana Limited as on 31st March, 2026and provided you the following information:

Particulars	As on 31st March,2026		Revalued Figures for Amalgamation	
	Raman Limited (₹)	Naman Limited (₹)	Raman Limited (₹)	Naman Limited (₹)
Equity shares of ₹ 10 each	6,72,000	2,52,000		
10% Preference Shares of ₹ 100 each	3,36,000	1,68,000		
Reserves and Surplus	5,44,240	2,65,480		
Trade Payables	84,000	1,76,000	80,640	1,68,960
Property, Plant and Equipment	7,69,000	4,36,400	10,58,100	5,20,100
		-	1,62,000	-
Goodwill	1,62,000	1,17,600	2,78,620	2,06,780
Inventories	1,89,000	1,47,000	2,47,140	1,38,180
Trade Receivables	2,81,000	1,60,480		
Cash & Cash Equivalents	2,35,240			

The purchase consideration is to be satisfied as follows:

(i) By issue of 4 Preference Shares of ₹ 100 each in Rana Limited @ ₹ 85 paid up and at a premium of ₹ 30 per share for every 3 preference shares held in both the companies.

(ii) By issue of 5 Equity shares of 10 each in Rana Limited @ 7 paid up and at a premium of 5 per share for every 3 equity shares held in both the companies.

(iii) In addition, necessary cash should be paid to equity shareholders of both the companies as required to adjust the rights of shareholders of both the companies in accordance with the intrinsic value of the shares of both the companies.

You are required to compute the purchase consideration for both the companies.

(b) Discuss Disclosure requirements in following cases as per AS 1.

(i) Accountant of A Ltd. charges a probable loss of losing a suit in books of accounts and also disclosed the same fact in financial statements. The probability of losing the suit is 25%.

(ii) Accountant of A Ltd. capitalized all the revenue expenses of repair and maintenance during the year to Plant & Machinery and is also disclosing the same as company policy in financial statements.

(iii) A Ltd. has followed accrual basis ·of accounting since incorporation. The chief accountant also disclosed this fact in financial statements.

(iv) A Ltd. was providing for after sales expenses @ 2% of sales for covering expenses during the warranty period. Now A Ltd. observes that actual after sales expenses were much less as compared to provision because of better technology used in manufacturing of the products. Now, the Board of A Ltd. decides to account for these expenses as and when they occur. Sales during the period ate ₹ 50 crores. **(5 Marks)**

(c) Garnet Limited has 4 operating segments. The total revenue (internal and external) and assets are set out as below:

Segment	Inter Segment Sales	External Sales	Total Assets
Fan	3,200	10,900	23,700
Light	200	1,400	13,200
Lamp	0	1,500	4,200
Printer	1,100	200	3,400
TOTAL	4,500	14,000	44,500

How many reportable segments does Garnet Limited have as per the Revenue and Assets criteria given in AS 17? State Reasons for your answer. **(4 Marks)**